COOK ISLANDS

INCOME TAX AMENDMENT ACT 1998

ANALYSIS

1998, No. 19

An Act to amend the Income Tax Act 1997

(2 December 1998

BE IT ENACTED by the Parliament of the Cook Islands in Session assembled, and by the authority of the same, as follows:

1. <u>Short Title and commencement</u> - (1) This Act may be cited as the Income Tax Amendment Act 1998 and shall be read together with and deemed part of the Income Tax Act 1997 (hereinafter referred to as "the principal Act").

(2) Section 2 of this Act shall be deemed to have come into force on the 1st day of January 1998.

(3) Section 3 of this Act shall be deemed to have come into force of the 1st day of July 1997.

2. <u>Standard supplemental deduction for individuals</u> - The principal Act is amended by inserting at the end of section 44 the following -

> "Provided further that where a taxpayer either leaves the Cook Islands permanently or arrives in the Cook Islands permanently, the $6,000 shall be proportionately adjusted according to the following formula -

$$6,000 \times \frac{a}{b}$$

> a = number of days personally present in the Cook Islands
> b = number of days in the year."

3. <u>Basic Rates of Income Tax and Bonus Issue Tax</u> - Part C of the First Schedule to the principal Act is amended by deleting the proviso and substituting the following new proviso -

> "Provided that in respect of a taxpayer who is an individual natural person resident in the Cook Islands (not merely acting as a trustee), the rate of tax for every dollar shall

be 20 cents on the person's secondary income, being so much of the person's taxable income that is equal to the greater of zero or an amount calculated using the following formula -

where: a - b

a   is $24,000; and
b   is the amount of the person's primary source of income."

This Act is administered by the Revenue Management Division of the Ministry of Finance and Economic Management.